

**UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF MINNESOTA**

Integrated Process Solutions, Inc.,

Court File No.: 19-cv-00567

Hon. _____

Plaintiff,

vs.

Lanix LLC, Kevin Landsverk, and
Dylan Dyke,

Defendants.

**DECLARATION OF PETER NELSON
IN SUPPORT OF MOTION FOR
TEMPORARY RESTRAINING
ORDER, EXPEDITED DISCOVERY,
AND PRESERVATION OF EVIDENCE**

Peter Nelson, being first duly sworn, declares as follows:

1. Integrated Process Solutions, Inc. ("IPS") is a leader in the implementation of municipal and industrial controls and instrumentation systems, with its headquarters and production facility located in Fosston, Minnesota. Since its founding in 2008, IPS has designed, built, implemented, and integrated electrical control systems in Minnesota, Wisconsin, and other parts of the Midwest. Some of the specialized goods IPS manufactures and sells include custom solenoid, remote terminal, or programmable controller panels; protective relaying cabinets; Distribution Control System control rooms; and photovoltaic systems.

2. I founded and incorporated IPS in July 2008. Before that, I had served the municipal and industrial water/wastewater systems integration industry since 1984.

3. IPS employs a diverse team of dedicated individuals who provide the foundation of our company and support our mission, vision and values.

4. IPS's goods and services are often put to use by large entities, including but

not limited to industrial or municipal operators of water and wastewater systems. But IPS typically does not have a direct commercial relationship with these large entities. Instead, IPS most often collaborates with general contractors, builders, or other manufacturing companies that are responsible for the project that will include IPS's goods or services. In other words, IPS typically plays a role similar to that of a sub-contractor.

5. IPS provides its municipal and industrial customers a number of services, including (a) software development and support services; (b) installation, commissioning, and maintenance for instrumentation and control systems; (c) a wide variety of communication options upon which customers may build their control equipment network for reliable operation; (d) full-service electrical construction and integration, from electrical service entrances down to network jacks; (e) electrical panel fabrication, including solenoid and remote terminal panels, programmable controller panels, protective relaying cabinets, and plant Distribution Control System (DCS) control rooms; and (f) photovoltaic (solar energy) systems ranging from small residential systems to very large industrial and commercial systems.

6. At IPS, we emphasize total quality on every project through standardization of engineering and implementation tasks. We insist on strict adherence to project schedules and the provision of professional system integration services. We demand compliance with defined safety practices on each project, and we provide the on-going support required for successful project delivery. Our goal is to deliver high quality projects that are on-time and within budget. We highly regard each and every project we accept, and are committed to the quality standards we subscribe to and the work ethics we

maintain.

7. IPS is focused on developing and maintaining solid, long-term customer relationships; that is the foundation for our success. We strategically select our personnel to most efficiently serve our clients, which allows IPS to provide an unmatched level of customer service. Additionally, IPS's staff has extensive and diverse experience in the industrial and municipal water/wastewater industry, which allows us to be a valuable resource during the planning, design, procurement, and construction phases of our customers' projects.

8. As a result of IPS's relentless pursuit of excellent, it has developed substantial goodwill with its customers. That goodwill has been developed exclusively at IPS's expense.

9. Landsverk developed special relationships with IPS's customers with whom he worked while employed by IPS. Those relationships were developed solely at IPS's expense, in Landsverk's capacity as an IPS employee, and on IPS's behalf. Landsverk was the face of IPS with certain customers.

10. IPS performs services including planning, requirements, design and submittal, implementation, testing, startup, commissioning, and product support.

a. **Planning.** IPS works with each client to develop a thorough understanding of the client's objectives, timeframes, and budgets for the project and develops a project charter documenting that understanding. When working with consulting engineering firms, IPS develops a project charter based on the scope of work and specifications the consultant has designed for the specific

project.

b. **Requirements**. IPS provides a System Requirement Specification (SRS) detailing the system operation. This document is updated throughout the implementation of the system.

c. **Design and Submittal**. In the design phase, a system block diagram is generated; control panels designed; computers and networking equipment selected, and process instrumentation specified. Radio path studies are performed to insure successful operation of the communication system. After customer approval of these selections, the implementation phase begins.

d. **Implementation**. In this phase, hardware is purchased and control panels fabricated. The SRS is updated as additional information on vendor-supplied equipment becomes available. System programming during the implementation phase of the project is divided into programmable logic controller (“PLC”) programming, human machine interfaces (“HMI”) / operator interface terminals (“OIT”) programming, historical trending setup, logging configuration, and alarm system configuration.

e. **Testing**. IPS conducts factory testing including both un-witnessed and witnessed acceptance testing. Un-witnessed includes staging all panels and setting up networking/radio communication links, and connecting computers to the network. Upon completion of un-witnessed testing, the functionality of the system is demonstrated to the customer in accordance with the customer approved, witnessed factory acceptance test plan. A second test is performed to verify

completion of all punch list items identified during factory acceptance testing. The system ships after customer signoff of the completed factory acceptance test.

f. **Startup and Commissioning.** Prior to system startup, the project manager schedules supervision assistance with the contractor to ensure full understanding of the project's requirements and to clarify installation details. Once installed, IPS's engineers and service technicians work with the customer to maintain integrity of network communications, operation of all equipment and signals, calibration of all transmitters, and interface to third party equipment. During startup, IPS involves the customer, familiarizing them with proper system operations; trouble shooting techniques; required maintenance activities; and fault recovery methods. Classroom and hands-on training are provided to insure the customer has the requisite knowledge to operate and maintain the installed system to protect their substantial investment.

g. **Product Service and Support.** IPS services all hardware, software, instrumentation, and motor starting devices we sell. IPS offers long term, after sale customer support for our systems and those supplied by others. Since the needs of every system are different, we offer a variety of support contracts to help eliminate the risk of a catastrophic failure and possible outage of critical facilities. In the event of a catastrophic failure or outage of critical facilities, we offer 24 hour emergency service to help bring a system back online as quickly as possible.

11. IPS hired Landsverk on June 17, 2013, as its Control Systems Engineer and as the person responsible for IPS's Information Technology ("IT") systems. Before

working at IPS, Landsverk worked for a prior employer for over five years as a Network Engineer. He was one of a small group of employees at that prior employer charged with maintaining IT security.

12. At IPS, Landsverk had numerous responsibilities involving both IT and providing engineering work for customers. His duties included:

- As IPS representative, coordinate projects for the management and design of control system projects for water/wastewater treatment facilities
- UL panel shop supervisor
- Implement supervisory control and data acquisition (SCADA) systems for a variety of process control systems
- System database development, HMI and operator interface design and programming, PLC programming, HMI/OIT programming, network design and implementation
- Customer acceptance testing, installation, on-site training, system start-up, and support
- AutoCAD design and drafting
- Submittal and O&M documentation
- Interface with customer/consultant as the face of IPS in order to keep project on track from design stage through startup and test until final completion/acceptance
- Serve as the face of IPS to provide onsite, online, and telephone service for existing customers
- IT support, software administrator, and software license manager for IPS including pfSense Firewall, network hardware, exchange server, KVM server, Owncloud server and workstations

The scope of Landsverk's duties increased over the course of his tenure at IPS. Indeed,

by the time he departed IPS, Landsverk worked as a *de facto* IT specialist, salesperson, and project manager in addition to his original duties as a field engineer. Landsverk was a valuable and integral member of IPS. Attached as **Exhibit A** is a true and correct copy of Landsverk's resume.

13. By virtue of his position and its responsibilities, Landsverk was privy to a wealth of IPS's sensitive and confidential information, including:

- The business and contractual nature of IPS's relationship with its customers;
- The key contacts at various IPS customers;
- The amount of money IPS collected pursuant to at least some of the contracts it had with its customers;
- The costs to IPS of completing and delivering its goods and services to its customers;
- IPS's process for bidding for specific goods or services;
- The location and organization of IPS's IT systems, including but not limited to hardware, software, databases, information repositories, and enterprise resource planning systems;
- Software, programming, and other control codes that IPS uses in its systems; and
- The key skills, talents, and competencies of various individuals at IPS as well as their approximate compensation.

14. Through Landsverk's special IT responsibilities for IPS, he set up a computer server at his home to create a back-up copy of all of IPS's electronically stored information. This server gave Landsverk continued access to IPS's information necessary to perform the work that IPS performs.

15. Through that copy of IPS's server, Landsverk possesses all of IPS's electronically stored files—everything a new competitor in this business would need to get up and running, including financials, customer lists and contacts, customer purchasing histories, pricing and margins, plus all the technical and engineering tools to complete the work.

16. On February 8, 2019, Landsverk announced his resignation of employment with IPS, effective two weeks from the date of his letter. A true and correct copy of the resignation letter is attached as **Exhibit B**. He claimed his decision was “gut wrenching” because IPS was “like a family.”

17. Landsverk's resignation attempted to portray himself as being up front and honest about his activities. He offered that “[a]ll my tools, laptop, iPad, are on my desk.” (He did not note that he had electronically wiped these devices to hide evidence of his wrongdoing.) He also claimed the “firewall replacement has allowed the VPM serve to work as it should now.” (He did not note that he had maintained methods to unlawfully access IPS's computer server after his departure.)

18. Landsverk was well aware of the many steps IPS took to maintain the security and confidentiality of IPS's electronic files and systems.

19. IPS frequently relied on Landsverk to facilitate the secure transferring of sensitive and confidential company data. For example, in April 2018 he helped IPS securely send a financial document to a vendor. Also in April 2018, Landsverk worked on options for IPS to electronically store files off of the IPS computer server. Landsverk noted in an email, “I know how to properly secure a server behind our firewall.”

20. In June 2018, Landsverk was involved in helping IPS obtain a cyberattack insurance policy.

21. In October 2018, Landsverk took the lead in resetting network passwords after an employee with administrative access left his IPS employment.

22. And in January 2019, Landsverk helped investigate another employee's IPS email account to ensure that employee had not miscommunicated with a customer. As part of that investigation, Landsverk reviewed that employee's permanently deleted Company emails.

23. Before resigning, Landsverk set up a company called Lanix LLC. Landsverk filed the papers to organize the LLC on January 23, 2019. Landsverk used IPS photos to create the website and had a brief testimonial from Corval Group, Inc., one of IPS's long-standing customers, on his website home page. Below is a snippet showing Lanix's website when it was up and running.

Lanix – Custom system integration

lanixtech.us/ ▼

... in system operation during startup." Corvalgroup Inc.Remote Access. Call or Email your custom needs for a quote. quotes@lanixtech.us. 218-230-2157.

24. The website was subsequently taken down, presumably after Landsverk was alerted that IPS had viewed it.

25. By virtue of his position, Landsverk came into contact and developed a relationship with Dyke, a system engineer at one of IPS's customers, Corval Group, Inc.

26. Landsverk's creation of a new company, kickback scheme with Dyke, and numerous efforts to divert work away from IPS have caused IPS harm such as disruption

of our operations in having to respond to Defendants' wrongful activities, decreased business, IT security expenditures, and reputational harm. For instance, Landsverk's wrongful acts have created divided loyalties among IPS's employees, lowered morale, spurred rumors among IPS customers, and interfered with IPS business opportunities.

27. There is no way Lanix could be currently operating, purportedly having only been in business since Landsverk's departure from IPS, without relying on IPS's confidential and trade secret information. Among other things, Lanix (through Landsverk) would have had to develop drawings in AutoCAD file format, PLC programs with IPS-developed standards, and HMI/OIT programming standards that IPS has created. Instead of developing these files and programs through years and hundreds of hours of investment, Lanix can use the information taking from IPS.

28. Because IPS is headquartered in Minnesota but does work across the Midwest, it develops, creates, uses, transmits, and relies on some and/or all of this information in connection with interstate transactions and commerce.

29. IPS has been and will continue to be irreparably harmed by Defendants' wrongful conduct, including continued breaches of valid obligations to IPS, and misuse of IPS's confidential and trade secret information. These are injuries that cannot be fully compensated monetarily, and IPS does not have an adequate remedy at law for Defendants' wrongful and unlawful conduct.

30. After IPS uncovered Landsverk's text message conversations with Dyke and I had a chance to review them, I confronted Landsverk in my office. I told Landsverk that I had seen his text messages with Dyke, I accused him of stealing IPS's information,

and I said that he had one opportunity to come clean. Landsverk apologized for his actions, said he knew what he had done, and said, "I'm a dumbass." I also accused Landsverk of sending to Dyke IPS's confidential financial information. Landsverk admitted he had sent the information.

I declare under the penalty of perjury under the laws of the United States of America that the foregoing is true and correct based upon my personal knowledge, except as otherwise stated.

Dated: March 7, 2019

/s/ Peter Nelson
Peter Nelson

EXHIBIT A

KEVIN R. LANDSVERK, CONTROL SYSTEMS ENGINEER AND I.T. SPECIALIST**RESPONSIBILITIES**

- Project coordinator for the management and design of control system projects for water/wastewater treatment facilities
- UL panel shop supervisor
- Implement supervisory control and data acquisition (SCADA) systems for a variety of process control systems
- System database development, HMI and operator interface design and programming, PLC programming, network design and implementation
- Customer acceptance testing, installation, on-site training, system start-up, and support
- AutoCAD design and drafting
- Submittal and O&M documentation
- Interface with customer/consultant to keep project on track from design stage through startup and test until final completion/acceptance
- Provide onsite, online, and telephone service for existing customers
- IT support, software administrator, and software license manager for IPS including pfSense Firewall, network hardware, exchange server, KVM server, Owncloud server and workstations

EXPERTISE

- PLC programming and design: Rockwell – Allen-Bradley PLC5, SLC 500, ControlLogix, DeviceNet, RS5000
- PC based SCADA / MMI; Wonderware, Rockwell – Allen-Bradley Factory talk, RSVIEW, Panelview, C-More, Maple System, Proface, Magellis, Tatsoft
- Instrumentation documentation, including process and instrumentation diagrams, schematics, ladder logic, and loop diagrams
- Instrumentation configuration and calibration
- VFD Programming
- DOS, Windows 95, 98, NT, MS Server, Win 2000, XP, Windows 7, 8,10, Redhat/CentOS/Ubuntu Linux, OpenSolaris system administrator
- RTU programming and design for SCADA applications
- Communication and telemetry utilizing RS-232, RS-485, DH+, Ethernet, and TCP/IP
- AutoCAD design
- UL panel building
- Knowledge of UL rules and regulations

**HARDWARE
EXPERIENCE**

Controllers: Rockwell,
Network Switches/Routers: Moxa, Sixnet, Stratix, Cisco, Netgear
Radios/Telemetry: GE/MDS, Banner, Square D, Cellular
Operator Interface: Rockwell, C-More, Square D Magellis, Maple Systems, Proface

SOFTWARE EXPERIENCE **PLC Programming:** RS Logix 500/5000; Allen-Bradley
OIT: Factory Talk View ME, Cmore, Magellis, Maple Systems, Proface
HMI: Wonderware, RSView32, Factory Talk, Tatsoft

EMPLOYMENT HISTORY **INTEGRATED PROCESS SOLUTIONS, INC.**
July, 2013 – Present: Control Systems Engineer
ENERGY & RESEARCH CENTER
February 2008 – 2013: Network Engineer
OAKRIVER TECHNOLOGY
May 2007 – May 2010: Mechanical Engineer Intern

EDUCATION **UNIVERSITY OF NORTH DAKOTA**
2010 – Mechanical Engineering – Patented Design for Andros Robot End of Arm Tool
RICE UNIVERSITY - TEXAS
High Performance Computing

AFFILIATIONS Order of the Engineer
American Society of Mechanical Engineers

RECOGNITION Andrew Freeman Award of Engineering Excellent for Senior Design Project: May 2010

EXHIBIT B



Integrated Process Solutions, Inc.

34696 412 St. SE
Fosston, MN 56542
218.435.1703

6145 235 St. W
Farmington, MN 55024
218.791.6998

606 Cooper Road
Waunakee, WI 53597
608.849.4375

February 8, 2019

Integrated Process Solutions, Inc.
34696 41th St. SE
Fosston, MN 56542

Attention: Peter Nelson

Reference: Letter of Resignation

Dear Pete,

I am writing to announce my resignation from IPS effective two weeks from this date to pursue other opportunities.

This was a gut wrenching decision to make as the people at IPS are unlike any company I've ever seen. Such a sense of camaraderie exists, its like a family. I do miss the big company gatherings we used to have, but I realize with so many people its an expensive day!

I cannot thank you enough for the opportunity you've given me over the past 5.5+ years. I hope my presence has been a positive contribution for IPS during my time. Not everything went great, but a lot of things did.

I have all my projects buttoned up pretty well right now. All my tools, laptop, iPad, are on my desk.

- Shorewood is shipping Tuesday, factory testing will be complete today. VFD/Tesys programs on the server.
- Hormel Dold is all billed, should have any remaining payments within the 30-day window. They call from time to time to check a point or two still. Erik O and Rod Rock have Hormel logins to their VPN, they can handle any items that require remote checkout/debug. Of course, I will always be available to take any calls as needed.
- J001491 (Sojos code mods) is complete, I emailed Kaitlyn to bill this in full.
- The firewall replacement has allowed the VPN server to work as it should now. I haven't had any complaints from remote users being able to connect for over a week now.

A couple items we need to discuss how you'd like to move forward on:

- The hourly offsite two-way sync
- Plex media server

I wish everyone at IPS a successful and profitable 2019 and on.

Thanks again,

Kevin Landsverk
klandsverk@gmail.com
701-203-1009